

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/04/2012
POSITION: Oppose

BILL NUMBER: AB 1677
AUTHOR: Nestande, Brian

BILL SUMMARY: Corporate income taxes: filing requirements: tax exempt organizations.

This bill would increase the annual general information filing threshold for certain organizations exempt from filing tax returns from average gross receipts of \$25,000 to average gross receipts of \$50,000.

FISCAL SUMMARY

The Franchise Tax Board (FTB) estimates the revenue losses associated with this bill at \$90,000 in 2012-13, \$100,000 in 2013-14, and \$100,000 in 2014-15.

According to the FTB, this bill would not significantly impact department costs.

COMMENTS

Finance opposes this bill as it would result in General Fund revenue losses at a time when the state continues to face fiscal difficulties.

ANALYSIS

1. Programmatic Analysis

Existing federal law requires exempt organizations with annual gross receipts in excess of \$50,000 to file an annual information return. Those with annual gross receipts below the \$50,000 threshold are required to submit limited basic information electronically.

Under existing state law every exempt organization, with specified exceptions, must file an annual return after the end of the tax year stating specifically the items of gross income, receipts, disbursements, and any other information requested by the FTB. A filing fee of \$10 is required with each annual information return.

Currently, churches, their integrated auxiliaries, and conventions or associations of churches, any organization (other than specified private foundations) with gross receipts of not more than \$25,000 for the taxable year, or the exclusively religious activities of any religious order are exempt from the filing requirement.

Those entities that are exempt under the \$25,000 gross receipts threshold are required to electronically file basic information pertaining to the entity's legal name, address, and taxpayer identification.

This bill would increase the current filing exemption threshold provided to those entities with annual gross receipts of not more than \$25,000, to annual gross receipts of not more than \$50,000.

Analyst/Principal (0790) C.Angaretis	Date	Program Budget Manager Mark Hill	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

Nestande, Brian

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ANALYSIS (continued)

2. Fiscal Analysis

The FTB estimates the revenue losses associated with this bill at \$90,000 in 2012-13, \$100,000 in 2013-14, and \$100,000 in 2014-15. The FTB estimates this bill would annully impact 10,000 exempt organizations who would no longer be required to file a two-page annual information return and pay a \$10 filing fee (\$10 x 10,000 = \$100,000).

According to the FTB, this bill would not significantly impact department costs.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					
	LA	(Dollars in Thousands)					
	CO	PROP					Fund
	RV	98	FC	2012-2013	FC	2013-2014	FC 2014-2015 Code
1104/Corp Tax	RV	No	U	-90	U	-100	U -100 0001
1730/FTB	SO	No		-----	No/Minor Fiscal Impact	-----	0001